

30 PER CENT. INCOM  
TAX DROP EXPECTED,  
CUT HERE IS 40 P. C.

Officials Estimate Quarterly Receipts for U. S. Will Be Below \$500,000,000.

**EFFECT OF DEPRESSION**

**Widespread Unemployment  
and Larger Deductions  
Are Big Factors.**

## DWINDLING OF PROFITS

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### Number of Taxpayers May Be

4,000,000 as Against 5,-  
000,000 Last Year.

Special Dispatch to THE NEW YORK HERALD  
New York Herald Bureau.  
Washington, D. C., March 15.  
Income and excess profits taxes  
payable up to midnight to-night, will

During March this year the Government's expenditure will certainly be less than in the same month of last year.

\$500,000,000 as the first quarterly installment of taxpayers on their wages, sales and excess profits earned during the calendar year 1921. At the first installment last year the Governmen-

got more than \$727,000,000. For the full calendar year the payments totaled nearly \$3,000,000,000. In the calendar year 1922, however, the Government officials expect to take in not more than \$2,000,000,000.

run as low as \$1,600,000,000. The receipts for the last fiscal year totaled \$3,206,046,000, or a little more than during the calendar year.

July 1 and ends June 30. The Government is now in the fiscal year 1921-1922, which terminate June 30 next. Most taxpayers file their returns on the basis of the calendar year, paying during 1922 on the money earned during 1921.

based on the Government's expectation of having its annual pay cut very severely. The Government is going to go along on smaller wages, and Budget Director Dawes hopes that the two

Next year the Government will have to get along on still less because there

will be no excess profits taxes. This tax was repealed by Congress, effective January 1, but payments will be made under it during 1923 on profits gained during 1921. Profits gained during 1922 will not pay a tax when the corporations file their returns next year.

In 1919 income and excess profit taxes paid to the Government a total of \$2,900,784.00. The following year the Treasury collected \$2,655,336.00. This was the boom year. During that year the New York district paid \$1,109,802.00, or more than any other district. New York lost

1921 contributed only \$814,737,000. This year New York's share will be lower by at least \$200,000,000, it is expected.

Economic depression is blamed for the expected decrease in the taxes. The entire nation earned very much less in 1921 than in 1920. The exact decrease

will not be learned for several days when the Treasury Department receives reports on the March 15 collections from all internal revenue districts.

**Widespread Unemployment.**

More than 5,000,000 persons were out of work at the beginning of 1921, according to a survey made by Secretary of Labor Davis and transmitted to Congress. During the boom years these workers earned nearly \$5,000,000,000, it is estimated. The number who obtained steady work during 1921 can only be

estimated. The highest estimate placed it at 2,500,000 workers. Those who did find jobs generally went on the payroll at a very much reduced earning capacity.

number drew on their surplus funds to pay dividends. The entire volume of business throughout the country was reduced. Exporters and manufacturers who during 1929 shipped abroad nearly \$3,000,000,000 worth of goods during 1932 sold goods worth only half as much.

Mills and factories remained closed a large part of the year in many sections causing balances to appear on the wrong side of the ledger as far as the Government was concerned.

wheat and other products at a loss. That very many lost money has been verified by the experts of the Department of Agriculture. Upon the farmer more than 40,000,000 persons living in the rural districts and small towns are dependent for their earnings. When

the farmers failed to show earnings the same became true of this group in the population. The group constitutes a very large proportion of the nation's income tax payers.

A second and important contributing cause in the loss of revenue will be the increased deductions from gross income allowed by the revenue law of 1921. Under the old law the head of a family was allowed a deduction of \$2.00

plus \$200 for each child or other dependent person. The new law raises the limit to \$2,500 for the family head and allows \$400 for each dependent. About 3,400,000 persons have been paying taxes on incomes of less than \$3,000 a year. The new and higher deduction

allowed for the head of a family will  
eliminate a very large proportion of  
these persons from paying taxes pro-  
vided their incomes have not increased.

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